

LTH Occupancy Guidance:

1. **Tenant Selection:** All efforts must be made to ensure that all LTH units are leased to eligible households, as defined in the development's declaration or LURA. If a vacancy occurs and the property is no longer in compliance with the required number of LTH units, the unit must be held vacant for up to 60 days while efforts are made to lease to an LTH-eligible household. If after 60 days, the unit remains vacant, it may be rented to the next income eligible, non LTH tenant. The property staff must notify their Housing Management Officer if the development is going to fall below the minimum LTH requirements and rent to a non-LTH household. The property staff must document the referral sources and leasing efforts made to lease the unit to an LTH-eligible household. Efforts to ensure compliance with the required number of LTH units must be ongoing, and outreach must be conducted to ensure that the next vacant unit is leased to an LTH-eligible household.
2. **Tenant Lease Up:** When leasing the LTH units, it is recommended that the lease-up of the LTH units be staggered or phased-in to ensure that the dynamics and culture of the development is not abruptly impacted. The lease-up schedule should be based on the total number of units at the development as compared to the total number of LTH units. Please consult with Minnesota Housing's supportive housing and housing management staff to develop a plan that is appropriate for your development and describe the lease-up plan in the tenant selection plan.
3. **Schedule of Rents:** *for LTH Units **without** a rental subsidy or for those with a very shallow rental subsidy.*

The development will have the option to implement a schedule of rents for the LTH units that may vary from the LTH underwriting standards, provided that the proposed rents are in compliance with all applicable funding sources, remain affordable to the target population and comply with fair housing laws.

Implementing a schedule of rents that varies from the underwriting standards will be most common in cases where the rents were underwritten at 15% of AMI or lower and a rental subsidy such as Section 8, Shelter Plus Care (SPC), or Group Residential Housing (GRH) is not available. The policies and procedures regarding the schedule of rents must be clearly defined in the tenant selection policies or memorandum of understanding (MOU) and approved by Minnesota Housing prior to closing on the development's financing. The following best practice is encouraged:

If a permanent rental subsidy is not available or is artificially shallow and 30% of the tenant's monthly income exceeds the subsidy but not the unit's income restrictions, the LTH tenant pays the lesser of:

- 30% of the monthly income; or

- The most restrictive rent limit that is in place due to the development's financing.

It is recommended that the household's income is recertified on an annual basis, on the anniversary of the move-in date, and tenant rent will be adjusted accordingly. An interim recertification should occur to reduce the tenant rent if a reduction in tenant income occurs. The owner and property manager should develop written procedures as to how 30% of the household's monthly income will be calculated. To the extent possible, it is recommended that the procedures align with the other funding requirements that apply to the development.